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GEORGE H. RYAN  
GOVERNOR

July 27, 2001

**FILED**  
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SECRETARY OF STATE INDEX DEPT.

To the Honorable Members of the  
Illinois Senate  
92nd General Assembly

This nation has come a long way towards recognizing that mental illness can be diagnosed and treated in much the same way as other physical diseases. There was a time when this was not the case. Today, there is less of a stigma attached to mental illness than ever before and for that we should all be thankful.

Senate Bill 1341 is one of the more complicated bills passed during the Spring legislative session as it blends issues of fairness for individuals with mental illness with the broader issue of the cost of health care. Currently, in Illinois, we are searching for ways to lower the number of uninsured citizens. In most cases people go without coverage because either they can not afford the premiums or their employer can not afford to offer health insurance.

In the United States there is no mandate that individuals purchase health insurance. While most people who do have health coverage obtain this from their employer there is no requirement that employers offer health insurance to their employees. If an employer does offer health insurance, there are no requirements on how much they can or should ask individual employees to pay.

If a particular employer is large enough, and they offer health benefits, they most likely will do this through an "ERISA" program, a self-insurance mechanism that is subject to minimal federal guidelines and completely free of state regulation. Persons who work for a smaller employer will most likely purchase insurance products from an insurance company that is regulated by the Department of Insurance.

Currently, under federal law, all health insurance products that are sold to groups must have mental health coverage **offered** as an option—but the group does not have to make that purchase. In the past few years mental health advocates have worked hard around the country for state legislation that would require that mental health coverage be mandated at exactly the same levels of coverage as other physical illnesses.

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Opposition to these proposals is partly because ERISA exempt programs cover the majority of insured citizens in Illinois. It is thought to be discriminatory to force people who purchase coverage from a state regulated entity to pay for something that is not required of everyone else. This problem is exaggerated as individuals and small groups pay more for health care coverage.

In an attempt to address these issues the mental health advocates and sponsors of SB 1341 have produced a bill that is greatly watered down from past legislative efforts. This bill would not apply to businesses with fewer than 50 employees, the provisions of this bill would sunset at the end of 2005, and before the sunset date the Department of Insurance must study the cost and effectiveness of this law.

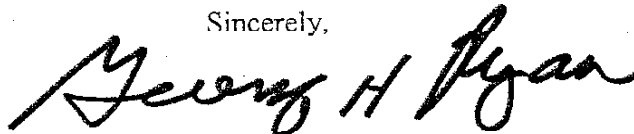
Senate Bill 1341 will allow the public to grow more accustomed to accepting mental health coverage as a part of a solid, comprehensive health insurance package. Senate Bill 1341 allows medium and large businesses to move slowly so as not to be alarmed by the potential cost increases of this new coverage. And Senate Bill 1341 requires careful study of these costs so that future decisions on this issue can be based on facts and not anecdotes.

I have concerns about this study which, per Section 1405-30, must be conducted by the Department of Insurance. There was no companion appropriation for the Department. The charge to the Department seems a little vague. For example, they must analyze "...any improvements in care of patients..." a difficult topic for anyone to evaluate, let alone an agency whose historic mission is the regulation of insurance companies.

Maintenance of confidentiality is not specifically addressed in this legislation. I will ask the Department to work with experts in the field to make sure that confidentiality is maintained at all times. I will also make sure that the Department works with the appropriate outside groups as they proceed with all aspects of this study.

With the above stated concerns clearly expressed, I am signing Senate Bill 1341 into law while urging the many parties interested in this difficult issue to work together in the years ahead. If everyone cooperates there is genuine hope that progress can be made to improve treatment for mental illness.

Sincerely,

A handwritten signature in black ink, reading "George H. Ryan". The signature is fluid and cursive, with the first name "George" being the most prominent.

GEORGE H. RYAN  
Governor

1 AN ACT in relation to insurance. 45

2 Be it enacted by the People of the State of Illinois, 49  
3 represented in the General Assembly: 50

4 Section 5. The Department of Insurance Law of the Civil 53  
5 Administrative Code of Illinois is amended by adding Section 54  
6 1405-30 as follows:

7 (20 ILCS 1405/1405-30) 57

8 Sec. 1405-30. Mental health insurance study. 59

9 (a) The Department of Insurance shall conduct an 61  
10 analysis and study of costs and benefits derived from the 62  
11 implementation of the coverage requirements for treatment of 63  
12 mental disorders established under Section 370c of the  
13 Illinois Insurance Code. The study shall cover the years 64  
14 2002, 2003, and 2004. The study shall include an analysis of 65  
15 the effect of the coverage requirements on the cost of 66  
16 insurance and health care, the results of the treatments to  
17 patients, any improvements in care of patients, and any 67  
18 improvements in the quality of life of patients. 68

19 (b) The Department shall report the results of its study 70  
20 to the General Assembly and the Governor on or before March 71  
21 1, 2005.

22 Section 10. The Illinois Insurance Code is amended by 74  
23 changing Section 370c as follows: 75

24 (215 ILCS 5/370c) (from Ch. 73, par. 982c) 78

25 Sec. 370c. Mental and emotional disorders. 80

26 (a) (1) On and after the effective date of this Section, 82  
27 every insurer which delivers, issues for delivery or renews 83  
28 or modifies group A&H policies providing coverage for 84  
29 hospital or medical treatment or services for illness on an 85

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1 expense-incurred basis shall offer to the applicant or group 86  
2 policyholder subject to the insurers standards of  
3 insurability, coverage for reasonable and necessary treatment 87  
4 and services for mental, emotional or nervous disorders or 88  
5 conditions, other than serious mental illnesses as defined in 89  
6 item (2) of subsection (b), up to the limits provided in the 90  
7 policy for other disorders or conditions, except (i) the  
8 insured may be required to pay up to 50% of expenses incurred 91  
9 as a result of the treatment or services, and (ii) the annual 92  
10 benefit limit may be limited to the lesser of \$10,000 or 25% 93  
11 of the lifetime policy limit.

12 (2) Each insured that is covered for mental, emotional 95  
13 or nervous disorders or conditions shall be free to select 96  
14 the physician licensed to practice medicine in all its 97  
15 branches, licensed clinical psychologist, or licensed 98  
16 clinical social worker of his choice to treat such disorders,  
17 and the insurer shall pay the covered charges of such 99  
18 physician licensed to practice medicine in all its branches, 100  
19 licensed clinical psychologist, or licensed clinical social 101  
20 worker up to the limits of coverage, provided (i) the 102  
21 disorder or condition treated is covered by the policy, and  
22 (ii) the physician, licensed psychologist, or licensed 103  
23 clinical social worker is authorized to provide said services 104  
24 under the statutes of this State and in accordance with 105  
25 accepted principles of his profession.

26 (3) Insofar as this Section applies solely to licensed 107  
27 clinical social workers, those persons who may provide 108  
28 services to individuals shall do so after the licensed 109  
29 clinical social worker has informed the patient of the  
30 desirability of the patient conferring with the patient's 110  
31 primary care physician and the licensed clinical social 111  
32 worker has provided written notification to the patient's 112  
33 primary care physician, if any, that services are being 113  
34 provided to the patient. That notification may, however, be



1 waived by the patient on a written form. Those forms shall 114  
2 be retained by the licensed clinical social worker for a 115  
3 period of not less than 5 years.

4 (b) (1) An insurer that provides coverage for hospital 117  
5 or medical expenses under a group policy of accident and 118  
6 health insurance or health care plan amended, delivered, 119  
7 issued, or renewed after the effective date of this 120  
8 amendatory Act of the 92nd General Assembly shall provide  
9 coverage under the policy for treatment of serious mental 121  
10 illness under the same terms and conditions as coverage for 122  
11 hospital or medical expenses related to other illnesses and 123  
12 diseases. The coverage required under this Section must  
13 provide for same durational limits, amount limits, 124  
14 deductibles, and co-insurance requirements for serious mental 125  
15 illness as are provided for other illnesses and diseases. 126  
16 This subsection does not apply to coverage provided to  
17 employees by employers who have 50 or fewer employees. 127

18 (2) "Serious mental illness" means the following 129  
19 psychiatric illnesses as defined in the most current edition 130  
20 of the Diagnostic and Statistical Manual (DSM) published by 131  
21 the American Psychiatric Association:

22 (A) schizophrenia; 133

23 (B) paranoid and other psychotic disorders; 135

24 (C) bipolar disorders (hypomanic, manic, 137  
25 depressive, and mixed);

26 (D) major depressive disorders (single episode or 139  
27 recurrent);

28 (E) schizoaffective disorders (bipolar or 141  
29 depressive);

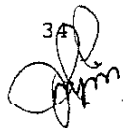
30 (F) pervasive developmental disorders; 143

31 (G) obsessive-compulsive disorders; 145


32 (H) depression in childhood and adolescence; and 147

33 (I) panic disorder. 149

34 (3) Upon request of the reimbursing insurer, a provider 151



1 of treatment of serious mental illness shall furnish medical 152  
2 records or other necessary data that substantiate that 153  
3 initial or continued treatment is at all times medically  
4 necessary. An insurer shall provide a mechanism for the 154  
5 timely review by a provider holding the same license and 155  
6 practicing in the same specialty as the patient's provider, 156  
7 who is unaffiliated with the insurer, jointly selected by the 157  
8 patient (or the patient's next of kin or legal representative  
9 if the patient is unable to act for himself or herself), the 158  
10 patient's provider, and the insurer in the event of a dispute 159  
11 between the insurer and patient's provider regarding the 160  
12 medical necessity of a treatment proposed by a patient's  
13 provider. If the reviewing provider determines the treatment 161  
14 to be medically necessary, the insurer shall provide 162  
15 reimbursement for the treatment. Future contractual or 163  
16 employment actions by the insurer regarding the patient's  
17 provider may not be based on the provider's participation in 164  
18 this procedure. Nothing prevents the insured from agreeing 166  
19 in writing to continue treatment at his or her expense. When 167  
20 making a determination of the medical necessity for a  
21 treatment modality for serous mental illness, an insurer must 168  
22 make the determination in a manner that is consistent with 169  
23 the manner used to make that determination with respect to 170  
24 other diseases or illnesses covered under the policy,  
25 including an appeals process. 171  
26 (4) A group health benefit plan: 173  
27 (A) shall provide coverage based upon medical 175  
28 necessity for the following treatment of mental illness 176  
29 in each calendar year;  
30 (i) 45 days of inpatient treatment; and 178  
31 (ii) 35 visits for outpatient treatment 180  
32 including group and individual outpatient treatment; 181  
33 (B) may not include a lifetime limit on the number 183  
34 of days of inpatient treatment or the number of 184



1        outpatient visits covered under the plan; and

2                (C) shall include the same amount limits, 186

3        deductibles, copayments, and coinsurance factors for 187

4        serious mental illness as for physical illness.

5        (5) An issuer of a group health benefit plan may not 189

6        count toward the number of outpatient visits required to be 190

7        covered under this Section an outpatient visit for the 191

8        purpose of medication management and shall cover the

9        outpatient visits under the same terms and conditions as it 192

10       covers outpatient visits for the treatment of physical 193

11       illness.

12       (6) An issuer of a group health benefit plan may provide 196

13       or offer coverage required under this Section through a

14       managed care plan. 197

15       (7) This Section shall not be interpreted to require a 199

16       group health benefit plan to provide coverage for treatment 200

17       of:

18               (A) an addiction to a controlled substance or 202

19       cannabis that is used in violation of law; or 203

20               (B) mental illness resulting from the use of a 205

21       controlled substance or cannabis in violation of law. 206

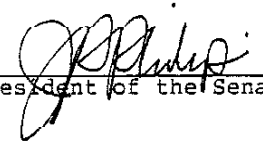
22       (8) This subsection (b) is inoperative after December 208

23       31, 2005.

24       (Source: P.A. 86-1434.) 210

25       Section 99. Effective date. This Act takes effect 213

26       January 1, 2002.

  
President of the Senate

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APPROVED

this 27<sup>th</sup> day of July, 2001 A.D. Michael J. Madigan 224  
Speaker, House of Representatives 225

George H. Ryan  
GOVERNOR

